

**Department of Education**  
**ACADEMIC COMPETITIVENESS GRANTS**  
**AND SMART GRANTS OVERVIEW**  
**Fiscal Year 2010 Budget Request**

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## ACADEMIC COMPETITIVENESS AND SMART GRANTS OVERVIEW

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### Academic Competitiveness Grants and SMART Grants

(Higher Education Act of 1965, Title IV, Part A, Subpart 1, Section 401A)

FY 2010 Authorization (\$000s): \$1,010,000

Budget Authority (\$000s):

	<u>2009</u>	<u>2010</u>	<u>Change</u>
Program funds	\$960,000	\$1,010,000	+\$50,000
Postponement of funding	-887,000	887,000	+1,774,000
Cancellation of unneeded balances	<u>0</u>	<u>-511,000</u>	<u>-511,000</u>
Total	73,000	1,386,000	+1,313,000

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### PROGRAM DESCRIPTION

The Higher Education Reconciliation Act of 2005 created two need-based grant programs to complement the Federal Pell Grant:

1. Academic Competitiveness Grants (ACG), awarded to first- and second-year undergraduates who completed a rigorous high school curriculum, and
2. National Science and Mathematics Access to Retain Talent (SMART) Grants, awarded to third- and fourth-year undergraduates majoring in technical fields or languages deemed vital to national security.

To be eligible for either grant, a student must be a U.S. citizen enrolled full-time and be eligible for a Federal Pell Grant. (Beginning July 1, 2009, eligibility will be extended to non-citizens and part-time students, as well as to students attending certificate programs.) A student can meet the rigorous secondary school program of study requirement for a first-year ACG by successfully completing, after January 1, 2006, but before July 1, 2009, a rigorous secondary school program of study established by a State or local educational agency and recognized as such by the Secretary, and for a second-year ACG, by successfully completing, after January 1, 2005, but before July 1, 2009, a rigorous secondary school program of study established by a State or local educational agency and recognized as such by the Secretary. Students graduating on or after July 1, 2009, can meet the rigorous secondary school program of study requirement for either a first- or second-year ACG by successfully completing a program that is recognized by an appropriate official, consistent with State law, to prepare students for college, and that is reported to the Secretary. A student can also meet the rigorous secondary school program of study requirement by successfully completing a secondary school program of study recognized as rigorous by the Secretary in regulations that were in effect on May 6, 2008.

Third- and fourth-year undergraduates are required to pursue a major in physical, life, or computer sciences, mathematics, technology, engineering or a critical foreign language, and obtain a cumulative GPA of at least 3.0 in the coursework required for the major being pursued. (Beginning July 1, 2009, fifth-year undergraduates participating in 5-year academic programs will also be eligible to receive a SMART Grant.) Critical foreign languages are determined by the Secretary of Education in consultation with the Director of National Intelligence.

## ACADEMIC COMPETITIVENESS AND SMART GRANTS OVERVIEW

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Maximum awards of \$750 are awarded to first-year undergraduate students, \$1,300 to a second-year undergraduate, and \$4,000 to third- and fourth-year undergraduates, except that these grants, in combination with the Federal Pell Grant and other student financial assistance cannot exceed a student's cost of attendance. A student may only receive one ACG or SMART grant for each of the first through fourth years of undergraduate education, and only for a year for which the student received credit after the date of enactment. (Students participating in a 5-year program can receive a third SMART Grant for the fifth year of their program.)

If funding provided for a given fiscal year exceeds the amount needed to make grants in that year, excess funding can be carried forward for use in future fiscal years. If funding for a given year is insufficient to provide grants to all eligible students, grant amounts for that year would be ratably reduced. Annual appropriation levels included in the Higher Education Reconciliation Act are \$920 million for fiscal year 2008, \$960 million for fiscal year 2009, and \$1,010 million for fiscal year 2010. Congress provided that ACG/SMART Grants sunset at the end of academic year 2010-2011.

Program participation during the first 2 years has been significantly below initial estimates, resulting in large funding balances brought forward for possible use in future years. As part of the FY 2008 appropriation, Congress rescinded \$525 million of this unused balance. Appropriation action for FY 2009 postponed the availability of \$887 million in FY 2009 funds until October 1, 2010, reducing new budget authority in that year to \$73 million.

### FY 2010 BUDGET REQUEST

New budget authority in 2010 and funds postponed from 2009 to 2010 total \$1.897 billion. While the Administration is committed to working with States and postsecondary institutions to broaden access to these programs, participation trends during the first 3 years indicate future funding will substantially exceed the amounts needed to support anticipated grant awards. Accordingly, the Administration proposes to permanently cancel \$511 million in unneeded ACG/SMART Grant balances in FY 2010, reducing total budget authority for that year to \$1.386 billion.

The following tables show program information consistent with requested funding levels.

## ACADEMIC COMPETITIVENESS AND SMART GRANTS OVERVIEW

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### PROGRAM OUTPUT MEASURES (\$000s)

	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Academic Competitiveness Grants</b>			
Recipients	488,000	783,000	865,000
Aid available to students	\$372,000	\$554,000	\$608,000
Maximum grant (in whole \$)			
First-year student	\$750	\$750	\$750
Second-year student	\$1,300	\$1,300	\$1,300
Average grant (in whole \$)	\$762	\$708	\$703
<b>SMART Grants</b>			
Recipients	78,000	127,000	131,000
Aid available to students	\$221,000	\$331,000	\$337,000
Maximum grant (in whole \$)	\$4,000	\$4,000	\$4,000
Average grant (in whole \$)	\$2,833	\$2,606	\$2,573